

PHONE: (352) 343-9888
FAX: (352) 343-9495

www.lakegovernment.com



William A. Neron
County Manager

W. Gregg Welstead
Deputy County Manager

Cynthia W. Hall
Assistant County Manager

MEMORANDUM

To: The Honorable Board of County Commissioners

From: Bill Neron, County Manager

Date: July 15, 2004

Subject: **Budget for Fiscal Year 2005**

I am pleased to present to you the proposed budget for FY 2005. As you know, the Board of County Commissioners tentatively approved the budget for FY 2005 during the budget adoption process last September. The two-year budget process was designed to reduce the time and effort afforded to our budget preparation process as well as to assist in our organizational financial planning. Over the past two budget cycles, the Board adopted conservative budgets to establish a strong financial foothold as we emerged from a slow national economy and to be able to focus on critical services in the areas of Public Safety and Environmental Services. With the growth in the property assessment base, and in response to our previous conservative position, during the past year we have enjoyed some financial relief. In May, during our mid-year budget reconciliation process, we were able to add 12 positions in critical service areas as well as four positions dedicated to the development of a new Comprehensive Plan. The FY 2005 budget has been modified to include those changes approved by the Board.

The proposed budget is balanced as is required by law. All millages and assessments remain unchanged from the current year. Current and proposed millage rates are:

Current and Proposed Millages

General Fund		Stormwater		Ambulance Fund	
FY 2004	FY 2005	FY 2004	FY 2005	FY 2004	FY 2005
5.917	5.917	.5000	.5000	.5289	.5289

"Earning Community Confidence Through Excellence in Service"

DISTRICT ONE
JENNIFER HILL

DISTRICT TWO
ROBERT A. POOL

DISTRICT THREE
DEBBIE STIVENDER

DISTRICT FOUR
CATHERINE C. HANSON

DISTRICT FIVE
WELTON G. CADWELL

The following pages summarize the proposed budget and provide additional information for the County Commission and Lake County citizens to understand our current programs and proposed financial plan.

COUNTY BUDGET ORGANIZATION

The County's budget is organized into 48 different funds with the revenues in each fund expended for certain specified or restricted purposes. Most of these funds are relatively minor in nature, but several of them constitute the heart and soul of the functions and services provided by County government. In total, the proposed FY 2005 County Budget is \$308.6 million, a decrease of 4.7% from the current fiscal year. The primary reason for the decrease is that many multi-year projects, such as road construction or building renovations, have not yet been carried forward to the FY 2005 budget. That adjustment will be made as project completion dates and fiscal year-end dollars are more easily determined.

The County's General Fund budget of \$113.7 million accounts for the revenues and expenses for the Constitutional Offices and many of the departments and programs under the direct supervision of the County Commission.

Other funds account for transportation operations and capital expenditures, various grant revenues, infrastructure sales tax, the County library system, fire protection, solid waste collection and disposal, and specialized street lighting taxing districts.

At the onset of the budget process and with our favorable financial stability, I had intended to recommend a number of needed positions. However, with the uncertainty of the proposed additional \$25,000 homestead exemption, we have scaled back that original goal. However, the proposed budget provides funding for 14 new positions and several new programs, many of which are described below. Funded and unfunded new position requests are detailed on charts on pages 31 and 32 in the Overview section of the budget document.

HIGHLIGHTS OF THE PROPOSED FY 2005 BUDGET

Revenues

Property valuation has been appraised at a 12.7% increase over the past year. Funds that rely on property taxes include the General Fund, EMS Transport, and unincorporated area Stormwater.

Legislation which shifts the major responsibility of funding the Court system from the County to the State required a number of revenue changes:

- The allocation of State shared sales tax receipts to County governments (the 6% sales tax) was reduced. Our share of that reduction is estimated to be \$1.1 million.
- The allocation of State Revenue Sharing receipts was reduced. Our share of that reduction is estimated to be \$468,845.
- Other Court-related revenues will be directed to the State. In total, the reduction of Court-related revenues previously in the General Fund is estimated to be \$3 million. The reduction in revenues will be offset by General Fund expenditure reductions related to the Court system.
- A new recording fee will generate approximately \$450,000 to pay for technology for the State Attorney, the Public Defender, and the Court systems.
- A \$65 court cost fee increase will be dedicated to Teen Court, Legal Aid, Law Library, and innovative Court programs. This revenue is estimated to be \$160,000.
- \$300,000 is budgeted from a surcharge on civil and criminal traffic infractions to fund Court facilities.
- Court cost revenue dedicated to Law Enforcement Training has been increased by \$10,000 based on fee revisions.

Program Highlights

- **Article V Implementation**

Legislation which outlined the shift of responsibility to the State for funding the judicial system also specified that counties will retain responsibility for the provision of office and courtroom space and for funding all technology needs. The revenues identified above will provide a funding source for much of the Counties' responsibility. The Board of County Commissioners took an immediate strong position in adopting the new Court fees which will fund Teen Court, Legal Aid, Law Library, and innovative court programs. Community Legal Services is funded at \$115,070 which conforms to their request and is slightly higher than our statutory requirements. The Law Library will continue to be overseen by the Clerk of Courts and is funded at the requested level of \$220,160. Teen Court will become a County function. It is proposed to reside organizationally in Community Services. However, due to the importance of interaction with the judiciary, Court Administration will oversee its operations. We are appreciative of the leadership role that James Watkins, Lake County Clerk of Circuit Courts, took in the implementation of this voter-approved mandate.

- **Parks and Recreation**

Over the past year, we have completed development on several parks using a combination of grant funds matched by County funds. Our successes include:

- Twin Lakes Park, a neighborhood Park in the Bassville Park area on CR 473.
- Pine Forest Park, a sixty-eight acre Community Park located in the Pine Lakes Community on SR 44.

- Design has been completed and dredging of the canal from Marsh Park to Lake Yale is near completion.
- Land acquisition of fifty acres along US 27 brings the total acreage for PEAR Park to 315 acres. The expanded recreational use will include items such as multi-purpose trails, picnic pavilions, fishing, and canoeing.

The proposed FY 2005 budget anticipates development of a North East Community Park. The County has selected a one hundred acre site on CR 450 for purchase in the current fiscal year. Pari-Mutuel funds will provide a source of revenue to purchase a community park site in the Plymouth/Sorrento area of the County. General Fund revenues will be earmarked to construct a Community Center on the site when purchased. The balance of the Pari-Mutuel funds, combined with Local Option Sales Tax dollars, are earmarked for the proposed purchase of the Conserv II property near Lake Louisa State Park, which is anticipated to provide additional park facilities and a South Lake Government Complex.

Improvements to Lake Idamere Park will include a fishing pier, gazebo, canoe launch, picnic improvements, and a Boundless playground. \$200,000 in funding has been approved from a Land and Water Conservation Fund Program grant. It is planned that matching funds will be obtained from donated and in-kind services.

The County Commission has been presented a draft Parks and Recreation Master Plan. This plan is scheduled for review by the LPA and final approval by the County Commission. The Plan will guide the County with park development and planning through 2015.

- **Fire Rescue**

Improvements over the past year to our critical Public Safety responsibilities focused on upgrading technology, establishing staffing and equipment standards, collaborating with other jurisdictions, and reducing overall budgeted expenditures. T-1 high-speed broadband connections to all staffed fire stations were completed in May of 2004. The conversion of the E-911 database from in-house maintenance to control by a telecommunications provider offers a more stabilized maintenance platform with vastly improved back-up capability. Vehicle assignments and specifications were modified to reduce costs and provide standards throughout the fleet. A Level of Service standard for urban and rural service areas of five and ten minutes respectively was adopted, as well as a minimum staffing level standard of two personnel per Engine Company and three personnel per Ladder Company.

The proposed FY 2005 budget includes over \$2 million for design and construction of two new fire stations to be located in the Lake Jem and the Minneola/Montverde areas. The department is now approaching full staffing levels and includes the reopening of Harbor Shores/Lake Yale station. The proposed budget includes six new positions to be used as “floaters” to reduce overtime. The personal services expenses of these six positions will be offset by an equivalent reduction in the “overtime” expense costs.

- **Environmental Services**

The Division of Water Resources Management, formerly within the Department of Growth Management, was transferred to the Department of Environmental Services to provide staff support for critical water-related issues. With increasingly stringent water supply management criteria facing all of Florida, this new organizational structure can better prepare the County to meet the challenges of environmental preservation, mitigation and conservation. Short and long-term projects range from developing effective water conservation programs to participating in Countywide long-term potable water supply planning. The proposed FY 2005 budget includes \$50,000 for contracted technical expertise in the areas of data collection, ecological support, quality assurance validation, ground and surface water modeling review, and engineering evaluations.

In FY 2004, Environmental Services was able to reduce the cost of landfill environmental compliance monitoring by switching from contracted to internal services. Use of our own staff and laboratory has allowed compliance reporting to take place with more efficiency and greater satisfaction from the regulatory agencies. By combining customer services resources, the Department has also been able to respond to a wider variety of inquiries, with customer service responses averaging 120 contacts per day.

The proposed FY 2005 budget includes funding for an additional Sr. Landfill Attendant. This position will replace an existing position that was left unfunded in the current year.

- **Community Services**

Fortunately the mandated dollars that the State requires counties to contribute to Medicaid Hospital and Nursing Home costs have not increased. Using General Fund dollars and CDBG Public Service funds, we continue to fund the Prescription Medication Program in conjunction with the Lake County Health Department. We anticipate that these funds will assist over 350 residents obtain medications crucial to maintaining their health.

The proposed budget provides \$594,000 to LifeStream Behavioral Center in local match funds for treatment services - an increase of \$44,000 from the previous year. The budget also contains \$20,000 for Baker Act Transportation services, which is an increase of \$6,310 from the previous year.

Funding for Human Services Agency grants is included in the proposed budget in the amount of \$60,000. As directed by the Board at the April financial retreat, staff is researching grant allocation practices of other counties as well as contributed dollars per capita. Results of the analysis will be presented to the Board later this summer.

The proposed FY 2005 budget includes funding for an additional Probation Officer. The position is needed to maintain offender caseload below 200 offenders per Probation Officer, which still exceeds the supervision ratio recommended by national standards. The cost of the Probation Division is largely offset by projected revenue of \$475,000 from probation fees.

- **Transportation Disadvantaged**

Lake County provided approximately 234,680 trips to the transportation-disadvantaged population of the County in 2004 using approximately \$3.6 million in funds from various funding agencies.

In 2004, the County began a study to complete a Transportation Development Plan and to assist with the preparation of the Transportation Disadvantaged Service Plan. The plans will serve to develop short and long-term goals and objectives for transit system development in the County as well as provide a guide for the transportation disadvantaged program

In 2004, Lake County Fleet Maintenance took over maintenance of all 43 of the County owned para-transit vehicles. The County implemented a maintenance program in accordance with FDOT requirements and performance measures to ensure that each vehicle is serviced at its prescribed schedule.

The proposed FY 2005 budget includes funding from FDOT to purchase 13 new vehicles which will allow the County to replace 13 existing vehicles that have exceeded their useful life under FDOT guidelines. The County's local required match for the equipment will be 10 percent of the total cost.

We also anticipate receiving funding from the Federal Transit Administration to purchase transit vehicles, bus stops and other capital equipment. Our estimates include \$407,354 for the Lady Lake urban area and \$875,532 for the Leesburg-Eustis urban areas.

In FY 2005, we will work to enter into an agreement with the State Commission for Transportation Disadvantaged (CTD) to administer the Medicaid Non-Emergency Transportation Program on the local level. We will also work through the CTD to restore full funding to the Medicaid Program. Statewide funding was reduced by \$16 million during the 2004 State legislative session. Efforts are underway to restore those funds to the program so that there will be no cost shifting to the local governments.

- **Growth Management**

The proposed budget includes funding for a GIS Senior CAD Technician. The Comprehensive Plan Update that is underway will require a great deal of data collection, input and analysis. The existing land use layer must also be updated along with the production of a complete series of maps. The cost of this position will be partially offset by the reduction of contractual services.

- **Public Works**

The sustained growth in the County has strained both County infrastructure and government facilities. Over the past year several construction and renovation projects, both planned and unplanned, were begun. Projects underway and planned in the near future include the Citrus Ridge Library, a new Cooper Memorial Library, two fire stations, Judicial Center expansion, improvements to the Lake County Fairgrounds, the Agricultural Center, and the Umatilla and Tavares Health Clinics. Additionally, our Master Space Plan Study will reveal critical facility needs. To provide management oversight for the large quantity of vertical construction projects on the horizon, the proposed FY 2005 budget includes funding for a Construction Superintendent. This position will be responsible for the successful completion of almost \$45 million of facility expansions, construction, and renovation over the next four years.

The Roads Division continues to seek the most cost-efficient methods to provide service for the growing population and the expanding network of roads. Day-to-day repair and maintenance of our roads is primarily funded by various State and local gas taxes. These taxes, which are levied by the gallon, do not cover inflationary growth in this operation and revenues may in fact remain flat as gas prices rise. For the first time, this proposed budget funds some critical and countywide maintenance operations from the General Fund. In an effort to continue to improve our transportation network, we are compiling information and costs of paving or constructing durable surfaces to dirt roads. If revenue and expenditure trends continue, it may be necessary for the Board to consider implementation of additional gas taxes to meet our service level objectives.

The proposed FY 2005 budget includes \$360,000 to increase our outsourcing program for day-to-day maintenance of mowing, flagging, ditch cleaning, and some road operations. Not only will road maintenance be enhanced, the increased outsourcing will free up several current staff members who will form a much needed special projects crew. This crew will be tasked with projects such as clay road buildup, shoulder maintenance, large scale asphalt repairs, and alternative surface treatment of clay roads. The proposed budget includes funding for a crew supervisor position with road construction and supervisory knowledge and experience.

A second priority of the Roads Division is to complete implementation of a management software system. The software will provide a means for complaint management, cost analysis, road maintenance control, fixed asset control, and prioritization of work schedules. The proposed budget contains funding to hire a Data Manager to oversee the accumulation and input of data and to manage the data system to the benefit of the division's operations. Use of a technology solution to manage a road operations maintenance program is an efficient and effective tool to provide timely service and to control costs.

Facilities Maintenance is responsible for the effective operation of 113 facilities totaling over one million square feet. Buildings include administrative space, fire stations, health clinics, libraries, park facilities, community centers and the Fairgrounds. Recent reorganization of the division brought about positive changes in day-to-day service levels. However, a pro-active preventative maintenance program has still been lacking due to funding restraints. Facilities Maintenance has kept our buildings operational from primarily a reactive perspective. The proposed budget includes

\$200,000 in new funding for the first year of a proposed three-year incremental process to establish a preventative maintenance program. The targeted increase of \$600,000 after three years will allow for planned replacements of roofs and carpet as well as scheduled painting and ADA upgrades.

- **Tourism and Economic Development**

The 700 acres, located at the juncture of US 27, SR 19 and the Florida Turnpike, known as Christopher C. Ford Commerce Park, is now home to industries such as Circuit City, Goodyear Tire and Rubber, Home Depot, West Orange Door Manufacturing, Ryder Truck, and Dominos Pizza. Forty-three million dollars of real property have been added to the Lake County tax rolls. Sales of parcels in FY 2004 total almost \$2.2 million. Future sales of remaining parcels may bring another \$7 million to our investment.

Since 1995, our Jobs Growth Incentive Program has assisted the development of 58 companies and the creation of almost 1,500 high paying jobs within Lake County. Our one-time \$2.7 million investment generates almost \$1.3 million annually in ad valorem tax revenue to the community. The proposed budget includes \$500,000 to assist future companies in their expansion or relocation activities as well as \$268,239 to support the Metro Economic Development Council in its regional job growth efforts.

- **Internal Service Departments**

The success of our operating departments is dependent on the effective behind-the-scenes operation of various support departments. Complete streamlining and automation of the employee recruitment process has shortened the length of time from “request to fill” to “job offer” from 75 days to approximately 35 days, which greatly reduces downtime for the operational departments.

We continue to analyze design changes to the medical health plan. These changes include direct access to plan specialists and changes to various medical co-pays to ensure a fiscally responsible program while providing appropriate benefit levels. As a result of this analysis and improved monitoring of our self-insurance funds, we are able to absorb all cost increases for the medical insurance program next fiscal year. Additionally, co-pays for the prescription drug benefit will be reduced from \$15-\$35-\$50 to \$15-\$25-\$40. As the result of a competitively bid group life insurance RFP, rates for employees will decrease. The proposed budget also includes \$20,000 for contractual services from our health insurance fund to assist in developing wellness programs to further enhance our healthy workforce goals.

The proposed budget includes funding for up to a five percent merit increase, based on performance, for all employees. The budget reflects some minor intra-departmental restructures and position reclassifications as Department Directors continually adjust to the dynamic needs of our citizens. As an enhancement to emphasize customer service, October 2004 will mark the first year of a two-year program to convert all Board employees under the supervision of the County Manager to a full 40-hour work week. Employee Services, Procurement, and Growth Management will be the initial departments that we are fully funding at 40 hours.

Our continuing outreach and customer service efforts have resulted in a substantial increase in the number of reprographics requests. Additionally, some departments that have previously outsourced copy services are now requesting in-house services. The proposed budget includes an upgrade from part-time to full-time for one of our reprographics staff members.

Funding of an additional \$500,000 brings our total available cash for a new integrated financial software system to \$1 million. Efforts lead by County Finance and including all affected entities and departments are now underway to begin the RFP process for this important internal need. One additional critical need to ensure the stability of the County's financial position is in the area of revenue analysis. Our \$308.6 million budget is driven by over 300 different revenue sources. As our revenues become more and more complex and diversified, we need to better monitor and project revenue behavior and levels. The proposed budget emphasizes the importance of constant and ongoing revenue analysis by including funds for a countywide revenue analyst position within the Budget Office.

- **Summary**

The County Commission and staff can be extremely proud of the accomplishments we made in the past year, and we can be equally proud of the financial stability of our County. The proposed 2005 budget includes much needed enhancements in critical service areas such as public safety, parks, and facility and road maintenance, while preserving a competitive compensation and benefit package for our valuable employees. We have included all changes to fully implement the Article V legislation. Costs shifted from the State for support of the Department of Juvenile Justice have been included yet set aside as we work through the legalities of that unfunded cost shift.

All Constitutional Offices have been funded at their requested level.

The County's unrestricted General Fund reserves remain at a healthy 11.1%.

However, as we are currently able to improve our service levels in several crucial service areas, we must be vigilant of the potential future financial impacts of the proposed State Constitutional ballot referendum that may be held in November 2004 that would double the homestead exemption from \$25,000 to \$50,000 per year. If placed on the ballot and approved by the voters, the cost shifting of the property tax burden and the potential loss of ad valorem tax dollars could be significant on the County's ability to continue to deliver the same level of services with significantly reduced ad valorem tax dollars. Staff is currently completing an in-depth report on the potential fiscal impacts of this proposed Constitutional amendment which will be completed in the latter part of July 2004.

We also anticipate receiving in FY 2005 the results of our countywide Master Space Plan that will

include recommendations for a 15-year capital improvement program for facilities. It is unlikely that we will be able to fund the future anticipated facilities needed on a pay as you go basis. It is likely that some type of revenue bond issue will be needed and will be further reviewed with the Board after the Master Space Plan is completed.

In closing, I would like to express my sincere appreciation to my staff for the extra effort and dedication in preparing this proposed document for consideration by the Board. A special thanks for extraordinary effort is given to Regina Frazier, Director of the Budget Office and her capable employees; all the Department Directors; and particularly Cindy Hall, Assistant County Manager. It should also be stressed that each Constitutional Officer has been most cooperative in the timely preparation of this proposed budget.

You can be assured that your County Manager and staff stand ready to assist the Board as it begins its task reviewing and adopting a budget for the 2004 – 2005 fiscal year.

Share: Budget Message 2005